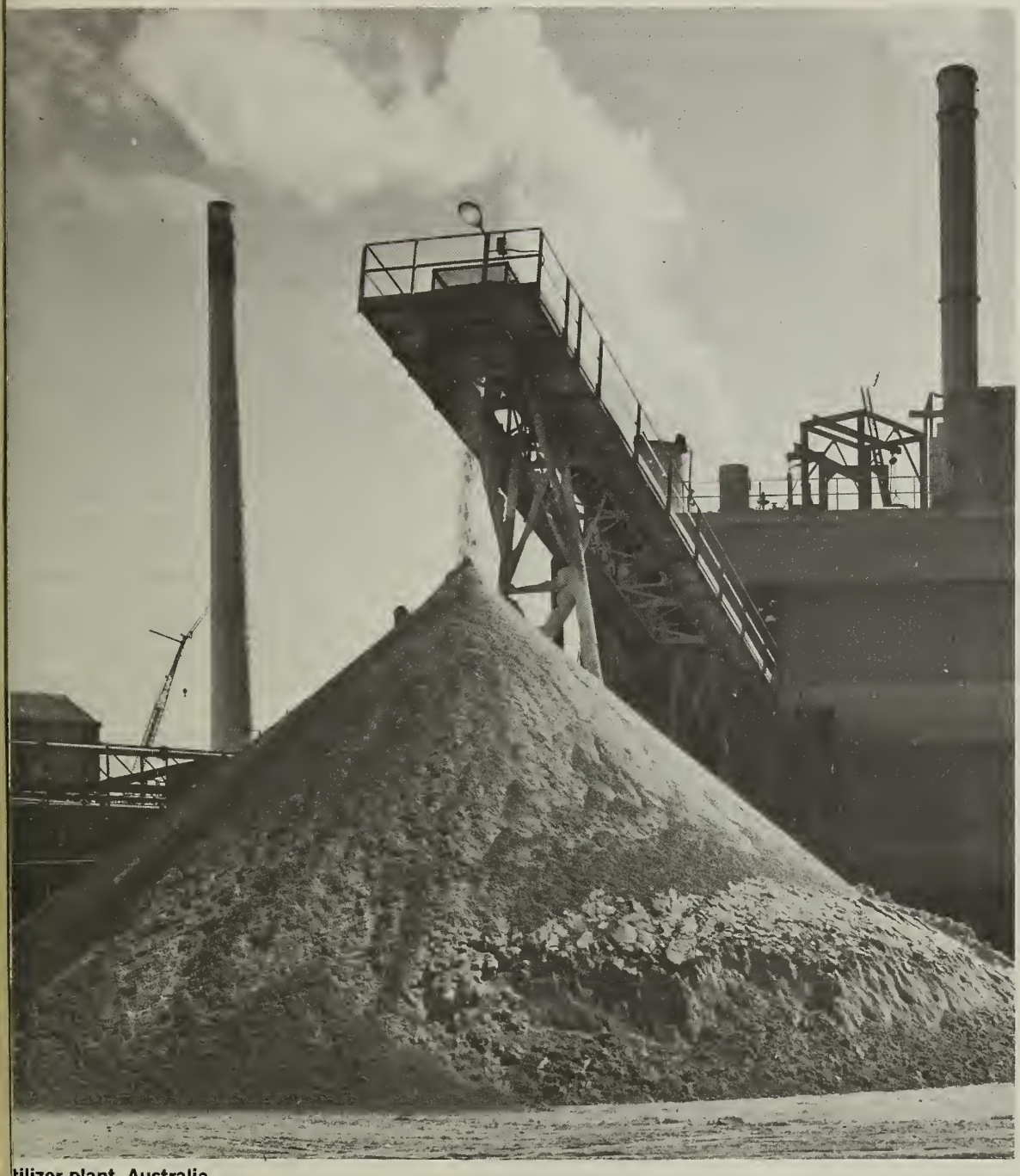
FOREIGN AGRICULTURE



tilizer plant, Australia.

December 23, 1974

Fertilizer Still Tight

Tobacco in Southern Africa

Foreign
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This week's cover:

Australian Fertilizers Ltd., plant for production of superphosphate fertilizers at Port Kembla, New South Wales, Australia. Pile of raw gypsum in foreground is a byproduct. See article beginning this page.

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Fertilizer To Remain Tight, Prices High in 1975 and 1976

By RICHARD B. REIDINGER
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THE TIGHT BALANCE between world fertilizer supplies and demand is likely to continue through next year and on into 1976, with prices still climbing —although not with the last year's fierce intensity. Stimulated by high prices, however, an explosive production expansion is underway, which may signal surpluses by the decade's end, despite a possible 60 percent rise in fertilizer use by 1980.

In the short run, current high fertilizer prices and problems in obtaining supplies are causing many farmers and importing nations to restrict purchases —a condition occurring in poor and rich nations alike. This cutback is particularly critical in view of the present world food crisis.

Not too many years ago, few farmers recognized the importance of chemical fertilizers. Today, their use is still limited in many areas of the globe. But in most developed countries—and in some areas of the developing world—chemical fertilizers and modern technology have transformed agriculture so that larger harvests are being obtained from fewer acres than ever before.

The shortage of chemical fertilizer that burst onto the scene in 1973 resulted partly but not entirely from short supplies and higher prices of petroleum and its products—essential in fertilizer manufacture. Equally important was the staggering rise in world market prices for food and feed, which, together with the removal of acreage restraints in the United States, caused farmers to clamor for more fertilizer than ever before. Thus, while world fertilizer production expanded at about the usual 8 percent in 1974, supplies were squeezed by soaring demand.

Responding to the sharply higher needs and prices, fertilizer producers in developed countries boosted their production almost to the limit. Most developing countries also strove to increase output, but much of their capacity remained underutilized. Nevertheless, spot shortages occurred, hitting especially hard in developing countries, which as a group import some 40 percent of their fertilizer. The rise of 200 to 300 percent in world fertilizer prices, added to much higher food and energy import bills, also dealt a severe blow to developing nations with limited foreign currency reserves.

Nor is any immediate relief in sight. For the major types of fertilizers used by farmers—nitrogen, phosphates, and potash—the tight short-term situation seems likely to persist.

Fertilizer supplies could ease somewhat before 1976, however. The People's Republic of China is reportedly negotiating a delay in contracted fertilizer shipments from Japan. Unlike last year, U.S. fertilizer inventories at the dealer level apparently are on the rise. And world prices for some major feedstocks, such as naphtha, are reportedly falling.

• Nitrogen—the most widely used, most energy-intensive, and now in the shortest supply of all fertilizers—is likely to remain scarce for the next 2 years. Production and consumption are estimated to reach 43.9 and 42.6 million tons respectively in 1975, with a resulting surplus of only 1.3 million tons—less than 3 percent of consumption, compared with a comfortable 4-5 percent. For 1976, nitrogen production and consumption are projected at 46.7 and 45.5 million tons each—surplus by a low 1.2 million tons—also less than 3 percent of consumption.

• Phosphate supplies should not be nearly as tight as nitrogen in 1975 and 1976 provided that no unexpected problems develop in the supply of phosphate rock. Based on plant capacity, world supplies in 1975 are estimated at 28.3 million tons—consumption at 25.3 million. The 1976 supply may reach 30.5 million tons, compared with usage of 26.7 million. Present problems center largely on mining and moving the supplies of phosphate rock that exist in

such countries as the United States and Morocco. For consumers, the immense rise in prices that has occurred since 1973 should level off at the higher plateau, or even decline slightly.

• Potash could also be less tight in both 1975 and 1976, if the idle capacity in Canada, the major producer, can be renovated quickly. Next year, production could be 22.9 million tons, with consumption at 20.8 million. By 1976, supplies may rise to 24.2 million tons, compared with consumption of 22 million. But potash prices will probably stay high, although they have risen less than nitrogen and phosphate prices.

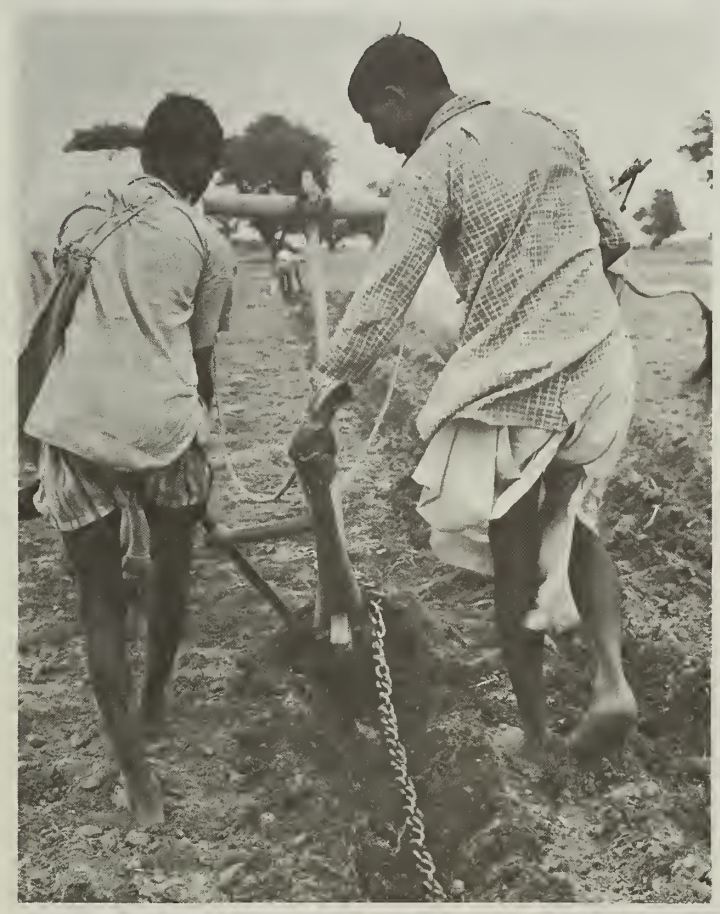
The quantitative impact of the fertilizer shortfall and high prices on food production is difficult to gauge. Between 1960 and 1972, world grain area rose by only about 2 percent, while grain yields zoomed by about 40 percent. During this same period, world use of fertilizer nearly tripled with nitrogen becoming relatively more important—increasing from 34 to 47 percent of the total. In developing countries particularly, fertilization of the new wheat and rice varieties was one factor responsible for the greatly increased yields of the Green Revolution.

As a group, the world's major developing countries have expanded their fertilizer use by an average of roughly 13 percent a year in the past 5 years. The current situation has caused many of these countries to slow this gain considerably. India in particular was able to expand fertilizer use by only about 3 percent in 1973-74, compared with a 13.5-percent average for the preceding 5 years. Only Bangladesh reported an actual decline in fertilizer use, however, amounting to about 11 percent.

In general, fertilizer consumption was essentially stagnant in most developing countries last season. Although consumption could rise substantially in 1974-75, bouyed by high prices of food and feed, the advance will not completely compensate for the low growth of last year. Of course, developing countries that produce much of their own fertilizer, such as South Korea and Mexico, have increased their consumption rapidly and probably will continue to do so.

Many of the developed countries, on the other hand, increased fertilizer consumption even during the period of shortage and high prices. Much of the higher demand for fertilizer during 1973-74 came from the United States, Canada, and the Soviet Union, where consumption rose well above past growth rates.

Most of the variance in fertilizer demand hinges on the price of fertilizers relative to the prices received for crops. Before the recent 30 percent rise in nitrogen and phosphate prices in the United States on July 1, 1974, crop returns to producers had advanced even further than fertilizer prices. This relation between crop and fertilizer prices has been the primary factor triggering strong increases in fertilizer demand in North America, and the fairly strong increases in developing countries. Comparatively moderate increases in fertilizer demand have occurred in European,



Farmers in the Punjab area of India, left, guide a bullock-drawn plow to prepare furrows prior to placing fertilizer. Hybrid corn will be planted on this site to demonstrate effects of fertilization on increasing yields. Below, Korean farmers buy fertilizer at the Government's warehouse in Myon township.

Moroccan farmer spreads phosphate fertilizer on farm near Kenitra.

and most other developed countries, where fertilizer and crop prices have held relatively stable.

Thus, for farmers worldwide, the profit incentive remains the best indicator of fertilizer demand—both short- and long-term. Grain prices particularly influence fertilizer use, at least in free-market economies. In controlled economies, grain availability, prices on world markets, and demand are key factors in government decisions to increase or decrease use of fertilizer. Some unanswered questions that could affect future grain prices include the level of grain stocks in large producing countries such as the Soviet Union, and meat consumption trends that will influence feedgrain demand.

A number of other factors, which pertain most to the developing world, bear on fertilizer demand. The availability of complementary inputs—new seeds, irrigation, credit, fertilizer distribution facilities, training in use and effect—are important.

High risk may discourage fertilizer use by the subsistence farmer with very limited resources, particularly if he has no irrigation. A low-premium insurance, perhaps included in the purchase price of the fertilizer, could protect him from losing his cash investment in fertilizer should his crops fail, thus encouraging increased fertilizer use.

IN COUNTRIES where both crop and fertilizer prices are set by the government, price incentives to farmers must encourage, not discourage, fertilizer use.

Changes in overall price relationships may well influence future trends in fertilizer use. Fertilizer may never be as relatively cheap in the future as it has been in the past 20 years.

At present, fertilizer prices are at record levels, and in real terms will probably continue high for the next 2 years. Oil and natural gas costs, unlikely to soften, will help maintain nitrogen fertilizer prices at historically high levels, even after the current supply-demand crunch eases.

For fertilizer producers, prices of capital (interest rates), labor, equipment, transportation, and other fixed costs are sharply higher. A further upward pressure on world fertilizer prices could be provided by programs for large amounts of financial aid to developing countries for fertilizer purchases.

On the basis of past trends and current programs, fertilizer consumption in the major countries as a group could rise by 58 percent by 1980; 50 percent in developed countries and 89 percent in developing countries. Many developing countries, including India, are expected at least to double their fertilizer consumption by 1979-80. Mexico should nearly triple its current level of fertilizer use.

Among the developed countries, only the USSR is expected to more than double fertilizer use. The increases estimated for Canada and Spain, which expect the next highest growth in fertilizer use, are far below the USSR.

The fertilizer industry is characterized by wide cyclical fluctuations. The last "down-cycle" occurred in the late 1960's when surpluses led to serious price declines. Projections to 1980 suggest that a similar situation may be in view.

Responding to the present high fertilizer prices, a tremendous increase in fertilizer production capacity is planned—much of it to come in the next few years. But how much of this new capacity will come on line and when are unknown. In Canada, for example, where much of the developed countries' capacity will be located, plans for at least one plant have already been cancelled, and problems have been reported that may delay or cancel some others.

Plans for much new **nitrogen** capacity were announced recently. Since December 1973, capacity for roughly 17 million tons of nitrogen fertilizer has been announced. Supply-demand estimates for 1980 based on data from the Tennessee Valley Authority and USDA indicate a substantial surplus of over 5 million tons. Using the recent World Bank nitrogen consumption estimates, projected to 1980, the surplus would still total nearly 2.5 million tons.

The nitrogen surplus could begin in the late 1970's. It could, however, be eliminated by a slight reduction in output, such as decline from the assumed 95 to 90 percent capacity in North America. Recent announcements of new capacity may add somewhat to the late 1970's surplus, but the oversupply should not be nearly as severe as that of the late 1960's.

Contracts and plans for new capacity totaled about 10.5 million tons in the first quarter of 1974 and perhaps 6.4 million in the second quarter.

Much of the new capacity will be in the People's Republic of China (PRC) and North America (primarily western Canada), with some in the United States, Western Europe, and the developing countries. Several large ammonia plants recently contracted by the USSR and new plants in Eastern Europe should give that region a substantial surplus.

IN THE MIDDLE EAST, Saudi Arabia recently announced in the FAO Fertilizer Commission meeting of July 1974 significant plans for new nitrogen plants totaling about 1 million tons of capacity by 1980. More recently, industry sources have indicated a possible total of 3 million tons of new capacity there.

Middle East countries have well-known advantages: Large amounts of natural gas, associated with oil reserves;

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U.K. Textile Industry Ends Gloomy Year, Foresees Another

By CLINE J. WARREN
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LIKE THOSE of other producing nations, the United Kingdom's textile industry ended its 1973-74 (August-July) marketing year in a depressed state as rising consumer prices cut into available incomes, reducing domestic purchases of clothing and other cotton products. U.K. export markets also softened during the year and, at the same time, larger supplies of cotton cloth were imported. As a result, U.K. textile production continued its downtrend of recent years and cotton imports fell off.

The industry's bleak outlook of the past year is expected to carry over into 1974-75, but in the longer run the industry believes the situation will brighten. U.K. textile manufacturers are confident they will benefit from modernization programs that have been completed recently—although many of those slated to get underway in 1975 have been scrubbed—and that the variety of cotton products produced domestically will effectively reduce the level of cotton cloth imports. They also believe that in the coming years cotton products will hold their own against manmade fiber goods.

Some slight increase is expected in U.K. raw cotton imports in the 1974-75 marketing year, but the level is unlikely to go as high as that of 1972-73. Because of the reliability of the United States as a cotton source, this country will probably share in the increase. Plus factors are that the United States did not apply export controls last season—although cotton stocks were tight in this country and worldwide—and that U.S. exporters honored their cotton contracts, even though the world market price was higher than those stated in the agreements.

In contrast, however, several small independent firms concentrating on specialty cotton items have already limited the amounts of raw cotton bought in early 1974-75. Their general consensus is that this cotton supply will be adequate to take care of their needs at any foreseeable level of production and that their capacity is sufficient to take care of any reasonable demand. But they believe that continued softening of the consumer market could dampen their production plans for next season.

Total U.K. cotton imports for 1973-74 were expected to be around 585,000 bales (480 lb net), 23 percent less than the 764,000 bales of the 1972-73 season. One reason for the drop in imports was the large carryover of stocks from 1972-73 which permitted smaller purchases in 1973-74 when world prices rose sharply.

Imports of cotton from the United States also dropped by about the same percentage, as U.K. takings fell from 86,100 bales in the August 1972-June 1973 period to 66,700 bales in the same months of 1973-74.

> *"Because of the reliability of the United States as a cotton source, this country will probably share in the increase (in U.K. cotton imports)."*

The Soviet Union was the United Kingdom's leading supplier, while the United States—despite the drop in its shipments—replaced Turkey in second place.

U.K. imports of all staple lengths were smaller from virtually all principal suppliers, with the exception of the Soviet Union—for the second successive year the principal source of the United Kingdom's medium staple cotton (over 7/8 inch but under 1 1/4 inch).

USSR shipments of medium staple cotton to the United Kingdom rose from 114,000 bales in the August-June period of 1972-73 to 150,000 bales in the same period of 1973-74. Medium staple imports from the United States were down to about 66,000 bales. Total imports of medium staple cotton in the first 11 months of 1973-74 totaled 540,000 bales, 21 percent less than the 690,000 bales of the 11-month period of the previous year.

Long staple imports during the first 11 months of the 1973-74 season—at 67,600 bales—were down 4 percent from the previous season's level. Small quantities were received from Egypt (20,800 bales) and Sudan (28,000 bales), but shipments from Peru more than doubled from 3,700 bales in 1972-73 to 8,100 in 1973-74.

Imports of short staple cotton (7/8 inch or less) were only 1,200 bales, compared with 23,500 during the August-June period of 1972-73.

During the last quarter of the 1972-73 season, the U.K. textile industry sharply expanded its onhand stocks—resulting in estimated closing stocks of 235,000 bales. Industry spokesmen indicated that fear of future shipping problems, the shortage of Commodity Credit Corporation (CCC) cotton stocks, fluctuating money rates, and uncertainty about supplies of manmade fibers and their prices had prompted the large increase in cotton stocks.

Output of U.K. textile and clothing industries has been falling steadily since at least 1970, while labor costs have risen. The situation was further exacerbated by the imposition of a 3-day workweek in late January and early February 1974 because of a coal miners' strike and its impact on electric power supplies.

January's weekly average single yarn production fell to 6.46 million pounds, compared with 7.21 million in December and 9.28 million in January 1973. Production during the first 7 months of 1974 totaled 103.7 million pounds, a 9 percent decrease from the 124.6 million pounds produced in the first 7 months of 1973.

Single yarn production of cotton and manmade fiber blends totaled 116.8 million pounds during the first 7 months of 1974, close to the level reported for the same period of the preceding year.

In the weaving sector, U.K. output of cotton cloth during January-May 1974 totaled 186.8 million linear yards, a decrease of 24 percent from the 244.8 million yards produced during the first 5 months of 1973.

Output of mixtures and blends was set by the industry at 222.5 million linear yards during January-May 1974,

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Tobacco Production and Trade in Southern Africa part 1

Area Sees Annual Export Jump Up to 10 Percent For 5 Years

By ROBERT W. JOHNSON
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Foreign Agricultural Service

LEAF PRODUCED and exported by many of the 11 countries in southern Africa—Malawi, Tanzania, Zambia, Angola, the Republic of South Africa, Mozambique, the Malagasy Republic, Zaire, Kenya, Rhodesia, and Uganda—is expected to offer slowly, but steadily, increasing competition to U.S. exports during the next few years.

Now exporting a total of about 220 million pounds annually—compared with U.S. exports of some 600 million pounds—these countries as a group expect to boost foreign sales by between 5 and 10 percent a year for at least the next 5 years. However, for some of these countries, an increase in production will not come easily.

Exports from all countries, including the United States, will probably benefit from a rise in world demand, but the European Community preference on tobacco exports, now held by five of the 11 African countries and perhaps to be acquired by two others, provides a distinct advantage over other producing nations.

At the present time, the outlook for production and exports within the next 5 years by the 11 African countries is as follows: A definite increase by Malawi; a probable increase by Tanzania, Zambia, Angola, and the Republic of South Africa; and a possible increase by Mozambique. There will probably be no change in exports by the Malagasy Republic, Zaire, Kenya—of such minor importance that a rise or fall in production would not greatly affect the area total—and Rhodesia, whose volume of export depends on the political climate. The only one of the 11 whose exports are expected to fall is Uganda.

Most of the increased exports will go to the European Community, also the largest foreign market for U.S. tobacco.

Tobacco production and trade of all 11 countries will be covered in a series of three articles that will appear in *Foreign Agriculture*. This one reviews the situation in Rhodesia, Malawi, and Zambia, formerly the Federation of Rhodesia and Nyasaland. Subsequent articles will analyze the tobacco scene in the remaining eight countries.

Rhodesia is the area's largest producer of tobacco and, with Zambia and Malawi, constitutes the most important source of leaf of a type that competes strongly with the U.S. product.

During the 5 years prior to its unilateral declaration of independence (UDI) from the United Kingdom in November 1965, Rhodesia produced an annual average of 226 million pounds of tobacco. Virtually all of it was exported to the United Kingdom in competition with U.S. leaf. But production plummeted to about 120 million pounds immediately after UDI and the application of United Nation sanctions on trade with Rhodesia, which followed. Output then began to increase as Rhodesia found customers for its leaf despite the sanctions—bringing the 1965-69 average to 193 million pounds.

Rhodesia's 1973-74 [1] flue-cured tobacco crop was originally estimated at 185 million pounds, but heavy rainfall reduced output and the final flue-cured crop was only about 165 million pounds. Burley was estimated at an additional 12 million pounds. The 1974-75 crop is expected to be even larger—an estimated 200 million pounds of flue-cured and 15 million pounds of burley.

Rhodesia is unlikely to show any spectacular jump in exports within the next half decade if the UN continues to apply sanctions, although a rapid upswing is probable if they are lifted—depending, of course, on the state of the world market.

In addition to the sanctions, however, Rhodesia faces other problems that could restrict the size of a production increase. Included among these are political unrest—the result of the indigenous population's drive to obtain a greater voice and the prospect of possible outside interference in the conflict—its loss of Commonwealth preference, competition for land between food crops and tobacco, and the possibility that Rhodesian access to the port of Beria, Mozambique, may be cut off when, or even before, that country receives its independence on June 25, 1975. Most of Rhodesia's tobacco is now being shipped through that city.

With access to Beira barred, Rhodesia would be forced to ship its leaf through ports of the Republic of South Africa at a much higher cost. This added expense would almost certainly have to be borne by Rhodesia's tobacco farmers in the form of lower leaf prices. Rhodesian producer prices are already low by world standards and a further drop would be a strong disincentive to production. Also, the Government now provides no minimum tobacco price, and Rhodesian tobacco farmers are not subject to production controls.

THE 1973-74 Rhodesian flue-cured crop brought about 52 cents per pound on the auction floor, about 29 cents less then the Malawian flue-cured crop and 21 cents less than the Zambian. The Rhodesian burley price was estimated at 50 cents per pound, 10 cents less than the Malawian price and 10 cents less than Zambia's. Average prices in the United States for the 1973 crops of flue-cured tobacco and burley were 88 cents and 93 cents, respectively.

With the loss at the time of UDI of its Commonwealth preference for tobacco exported to the United Kingdom, Rhodesia now has no competitive advantages over any other tobacco producing country. Moreover, it has no hope of receiving preferential treatment from the EC and also faces increasing competition from similar quality leaf grown in Zambia and Malawi.

Rhodesia's leaf exports averaged

[1] **The growing season in most of the 11 African countries is October-March.**

Counterclockwise from left: Exterior of curing barn for Zambian flue-cured tobacco; field of Rhodesian Virginia-type tobacco; interior of barn on Rhodesian farm where leaf is cured before being sold. Rhodesia, with Zambia and Malawi, is the most important source of tobacco in southern Africa that competes with that of the United States.

nearly 179 million pounds in the period between 1960 and 1964, but dropped to an average of 112 million pounds in 1965-69. In the 3 years 1971, 1972, and 1973, exports were estimated at 80 million pounds, 120 million, and 80 million, respectively. Rhodesia's imports during these same periods were zero.

Malawi exported its first tobacco in 1902 and today it is the farmer's most important cash crop and the country's largest foreign exchange earner. Its tobacco industry, with output running around 65-70 million pounds in recent years, produces enough leaf to attract a large number of foreign buyers, and Government incentives to foreign investors have caused some international tobacco firms to locate packing plants at Limbe.

Malawi, having no important extractive industries such as those in neighboring Zambia, Zaire, and South Africa —limestone and other building materials are its important minerals—depends largely on agriculture. About 50 percent of the country's gross national product comes from agriculture, and about 80 percent of the country's population is engaged in farming.

The Government's policy is to encourage slow but steady growth in tobacco output so as not to reduce quality. It appears to be working well as Malawian producer prices for the 1973-74 flue-crop are expected to top both the Rhodesian and Zambian prices. The Malawian price averaged 81 cents per pound for flue-cured, while those of Rhodesia and Zambia are estimated at 52 cents and 73 cents, respectively. The 1973-74 burley crop, however, averaged only about 60 cents per pound, 10 cents more than Rhodesia's and about the same as Zambia's.

The Malawian Government plans to increase output of flue-cured and burley leaf—both of which will compete strongly with similar U.S. tobacco—at an annual rate of about 10-15 percent. Production increases of other types of tobacco are expected to be slower to keep pace with demand.

Malawi's total 1973-74 leaf crop is estimated at 60 million pounds, of which 23 million is flue-cured, 20 million is fire-cured, 12 million is burley, 4 million is sun-cured, and 1 million is oriental.

Flue-cured tobacco is grown by some 105 Malawian farmers whose average production area is about 185 acres. Each farmer must bring his own output to the auction floor in Limbe where he sells it for whatever price he can, since the Government provides no minimum price.

Total flue-cured production remained constant at about 3 million pounds per year from 1956 until 1967 and then increased rapidly to the 1973-74 level. The next flue-cured crop—1974-75's—is expected to be about 28 million pounds.

Fire-cured tobacco is grown by about 50,000 producers who average about 1.4 acres each. The Agricultural Marketing Development Corporation (ADMARC), a quasi-governmental organization, buys the leaf at stations generally located within 10 miles of most growers, grades

it, and sells it on the auction floor. The profits are divided among the farmers.

Fire-cured tobacco production has fluctuated between 12 million and 25 million pounds since 1960. Here again the Government's policy is to try to maintain an equilibrium between supply and demand.

ONLY ABOUT 100 producers grow burley on holdings that average about 165 acres each. Its production has remained relatively stable at 2-5 million pounds between 1956 and 1964. It increased to about 12 million pounds in 1973-74 and is expected to increase again in 1974-75.

Sun/air-cured leaf is grown by about 10,000 farmers who average 1.6 acres of tobacco each. Production has averaged around 5 million pounds a year since 1960, with crops ranging as low as 2 million pounds and as high as 10 million. Sun/air tobacco is marketed on the auction floor like fire-cured. Oriental types are sold on a contract basis rather than through the auction system.

Domestic consumption accounts for about 3.3 million pounds of Malawi's leaf output and the balance is exported. All leaf consumed domestically is flue-cured. There are no taxes or subsidies on leaf tobacco exports.

Malawi will lose its preferential treatment for leaf shipments to the United Kingdom as the latter country adopts the EC's Common External Tariff (CXT). Malawi hopes to replace the Commonwealth preference with preferential treatment on tobacco exports to the entire EC market.

Even if Malawi does not get EC preferential treatment for tobacco exports, flue and burley shipments are still expected to continue to increase in competition with U.S. tobaccos. If Malawi does receive such treatment from the EC, competition is expected to become even keener.

Malawian exports in 1960-64 averaged about 26 million pounds, rising to an average of nearly 35 million for the next 5 years. During 1971-73 they averaged 54 million pounds..

Imports have also generally increased. Averaging just 52,000 pounds in the 1960-64 period, they climbed to 8 million pounds in 1973. This is mostly tobacco brought from Zambia to Malawi for processing and reexport.

Zambia's tobacco production is also expected to mount, but not as easily as Malawi's, since Zambia suffers a shortage of skilled native farmers. To remedy the situation, the Government is trying to train large numbers of growers. However, training efforts are making slow progress since the shortage of skilled agriculturalists inhibits the transmission of farm know-how to other less trained growers.

But the country has many pluses that will aid it in the long run. A country of seemingly great agricultural potential, with 4.2 million people (1970) living on 291,000 square miles—15 persons per square mile—there seems to be adequate area for increased production of tobacco as well as other crops. The soil is generally good and there is adequate rainfall during the growing season.

Farming was not as necessary during Zambia's earlier days when there was plenty of wild game to support a hunting economy and even now, agriculture's role is relatively minor. Copper mining accounts for one-half of the country's gross national product and 95 percent of total export earnings. However, although tobacco production accounts for less than 1 percent of export earnings the Government is eager to expand this sector of the economy.

Flue-cured leaf and burley account for virtually all of Zambia's tobacco production. Flue-cured output hit a peak of 24 million pounds in 1964, but has hovered between 12-14 million pounds during most of the past 15 years. The 1973-74 flue-cured crop is estimated at 15 million pounds and the 1974-75 crop is expected to rise to 18-20 million pounds.

TWO-THIRDS OF THE flue-cured crop is produced by some 154 expatriate farmers, who average 58 acres of tobacco each. An additional 12 percent is produced by 66 Zambian "assisted-tenants" who receive training and some financial assistance from the quasi-gov-

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SOUTHERN AFRICA: TOBACCO PRODUCTION AND TRADE FOR SELECTED COUNTRIES
[In 1,000 pounds]

Country	Average 1960-64	Average 1965-69	1971	1972	1973	1974
Production:[1]						
Rhodesia	226,233	193,006	140,800	160,799	122,299	177,000
Malawi	35,492	37,870	49,057	67,195	68,980	60,164
Zambia	19,126	15,173	11,147	13,045	15,750	16,000
Other[2]	96,731	129,479	143,639	155,187	157,638	144,592
Total	377,582	375,528	344,643	396,226	364,667	397,756
Exports:						
Rhodesia	178,730	112,149	80,000	120,000	80,000	—
Malawi	26,042	34,905	46,105	54,195	61,722	—
Zambia	17,623	12,670	11,500	8,818	9,259	—
Other[2]	28,076	45,781	45,494	53,887	65,796	—
Total	250,471	205,505	183,099	236,900	216,777	—
Imports:						
Rhodesia	0	0	0	0	0	—
Malawi	52	7,682	9,550	7,968	8,000	—
Zambia	0	27	0	0	0	—
Other[2]	12,986	23,090	26,845	37,270	42,683	—
Total	13,038	30,799	36,395	45,238	50,683	—

[1] Year of harvest. [2] Zaire, Malagasy Rep., Tanzania, S. Africa, Angola, Mozambique, Kenya, Uganda.

U.S. Mint Oil Usage Down, Overseas Sales Remain High

By WILLIAM C. BOWSER, JR.
Foreign Commodity Analysis,
Sugar and Tropical Products
Foreign Agricultural Service

CONSUMPTION OF NATURAL domestic mint oils in the United States is estimated to have declined in recent years by as much as one third from earlier levels. During this period, however, total combined demand for U.S. mint oils—domestic and export—has been consistently good.

Overseas sales are rising because of growing demand for toothpaste, chewing gum, candies, and other mint flavored products. As a result, the outlook is favorable for continued high exports of U.S. mint oils to meet future foreign demand. As information on stocks of U.S. mint oils is not available, a more accurate assessment of domestic utilization is not possible at this time.

U.S. exports of peppermint and spearmint oils in January–October 1974 totaled 2.7 million pounds—valued at $21.9 million—about the same in volume but up 38 percent in value from the first 10 months of 1973. Thus, U.S. mint oil exports in 1974 may well reach $25 million or more for the full year. In 1973, total U.S. mint oil exports were 3.5 million pounds valued at $21.7 million, compared with 3.1 million pounds and $16.1 million in 1972.

Peppermint oil, which accounted for about 70 percent of both volume and value of total mint oil exports in 1973, has consistently exceeded spearmint oil in domestic production and exports.

Europe annually takes about half the total of U.S. mint oil exports with the European Community—mainly France, West Germany, and the United Kingdom—accounting for the bulk of these shipments. In 1972 and 1973, Japan was the leading single country destination taking 21 and 24 percent, respectively, of the value of total U.S. exports. In 1973, three countries alone—Japan with $5.3 million, the United Kingdom with $4.5 million, and France with $2.9 million—accounted for nearly 60 percent of the total value of export sales. Besides Europe and Japan, other leading markets for U.S. mint oils were Canada, Australia, Hong Kong, Mexico, and South Africa. Brazil is the leading competitor in export markets with its cornmint oil.

The United States is the world's leading producer and exporter of peppermint and spearmint oils. In this country, peppermint oil is produced from the true peppermint plant, *Mentha piperita,* which came to the United States from southern Europe. Spearmint is produced from two principal varieties of plants, Scotch spearmint or *Mentha cardiaca,* and native, or *Mentha spicata.* Both peppermint and spearmint oils are obtained from partially dried mint plants by steam distillation.

Production of mint herbs and oils has been a part of U.S. agriculture since colonial days, but it was not until the early 1800's that sizable commercial processing operations began. Important plantings were first made in Massachusetts and then New York and Ohio. Later they shifted to the Midwest, mainly Michigan and Indiana, and much later to the Pacific Northwest.

In 1973, 70 percent of U.S. output of 3,142,000 pounds of peppermint oil was in Oregon, while Washington accounted for 61 percent of the 1,348,000 pounds of spearmint oil.

Today, some 80 percent of U.S. produced mint oil is used in chewing gums, toothpastes, and mouthwashes, with most of the balance going into confectionery products. In contrast to earlier years, consumption of mint oils in pharmaceuticals is relatively minor, compared with total usage.

U.S. peppermint oil is distinctly sweeter in odor and flavor than Brazilian cornmint oil. Cornmint oil, derived from the plant *Mentha arvensis,* has a considerably higher content of menthol than peppermint. Because the menthol's value is much greater than that of cornmint oil, part of the menthol is usually extracted from the oil and sold separately. The cornmint oil remaining after the menthol has been partially extracted is much lower in quality than peppermint oil. Nevertheless, cornmint can be blended with peppermint oil, and in certain proportions, the mixture reportedly is difficult to distinguish from the pure product.

Because of its comparatively low price "dementholized" cornmint oil is in good demand in world markets, including the United States. In 1973, U.S. imports of cornmint oil—mostly from Brazil—totaled 664,300 pounds, valued at $1.4 million (about $2.14 a pound, f.o.b. source) compared with 440,500 pounds, valued at $812,900 ($1.85 a pound) in 1972.

Due to a general tightening of world supplies early in 1974, the wholesale price of peppermint oil rose sharply around May and has remained mostly firm since that time. In early December quotations in New York were $17.50-$19.00 a pound for natural oil, compared to $11-$12 in December 1973. Spearmint oil supplies appeared to be in better balance, with early December 1974 quotations for native oil at $9.00-$9.75 a pound, largely unchanged from a year earlier. The Scotch variety of spearmint oil, however, was being quoted at $17.00-$17.50 a pound.

U.S. PRODUCTION AND EXPORTS OF MINT OILS, AVERAGE 1965-69, ANNUAL 1970-74

Year	Production			Exports			Export value		
	Peppermint	Spearmint	Total	Peppermint	Spearmint	Total	Peppermint	Spearmint	Total
	1,000 lb	1,000 lb	1,000 lb	1,000 lb	1,000 lb	1,000 lb	1,000 dol.	1,000 dol.	1,000 dol.
1965-69 ..	3,889	1,329	5,218	1,579	547	2,126	—	—	—
1970 ..	5,007	2,116	7,113	1,951	632	2,583	10,369	3,980	14,349
1971 ..	3,746	2,008	5,754	2,540	848	3,388	12,185	4,845	17,030
1972 ..	3,004	1,511	4,515	2,227	842	3,069	11,440	4,672	16,112
1973 ..	3,142	1,348	4,940	2,409	1,101	3,510	15,087	6,576	21,663
1974 ..	[1]3,388	[1]1,422	[1]4,810	[2]1,837	[2]859	[2]2,696	[2]14,887	[2]6,967	[2]21,854

[1]Preliminary. [2]January-October.

Canada's Apple and Pear Crops Recover From Low 1973 Outturns

CANADIAN APPLE and pear crops this year have recouped from the reduced outturns of 1973, although not enough to reach levels attained at the first of this decade.

Despite the improvement, trade in apples continues to follow the pattern of last year, with imports up and exports down. Pear trade, on the other hand, is seen returning to more normal levels following last season's export plunge and import jump.

Current estimates place Canada's 1974 apple crop up some 6.2 percent from the small 1973 outturn to 890.4 million pounds. The gain comes despite a 21 percent decline to 251.9 million pounds in British Columbia—normally the major producing Province but this year surpassed by both Ontario and Quebec. Crops in each gained by more than 30 percent.

Despite the production gain, apple exports in the 1974-75 crop year (July-June) are seen inching up only slightly from the low level of 1973-74. Current projections indicate shipments of 100 million pounds of fresh apples, fractionally above the 99.4 million of last season and far short of the 119 million achieved in 1972-73.

Moreover, exports through November 8 of the current crop year were down 43 percent from those of a year earlier. This sharp decline reflects a generally late 1974 harvest, plus economic difficulties in the United Kingdom—major European outlet. Sales there also have been slowed by higher prices resulting from increased freight charges for Canadian fruit.

Canada lost its traditional trade preference in the United Kingdom when the British joined the European Community (EC), but through 1973-74 this had not adversely affected takings of Canadian apples, which totaled 14.8 million pounds in calendar 1973.

Nova Scotia processors—especially dependent on the United Kingdom and other European markets—have been concerned over what will happen at the end of the 5-year phase-in of a 23 percent ad valorem duty on canned apples, which formerly entered the United Kingdom duty free.

Despite this, and the poor showing so far in the United Kingdom, sales to Europe could improve as the season progresses as a result of the severely reduced crops in France—Western Europe's major apple exporter—and West Germany—a leading importer.

The Nova Scotia apple industry also has been concerned over recent restrictive moves by Jamaica and Barbados.

The Barbados Government, to counter an imbalance of payments, imposed restrictions on imports of nonessential products in February 1974. These restrictions included licensing measures for apples that permit limited imports on a market-share basis.

Jamaica's more severe global embargo on a number of nonessential products has effectively banned imports of Canadian apples.

"At the same time, Canadian apple imports from the United States last year soared more than 55 percent above those of 1972-73 to over 95 million pounds."

The major market for Canadian apples—the United States—took 70.3 million pounds last year, or 22 percent less than in 1972-73. Still, these accounted for over 70 percent of all Canada's apple exports, while more than 90 percent of its canned apples and over half its apple juice shipments also moved to the United States.

At the same time, Canadian apple imports from the United States last year soared more than 55 percent above those of 1972-73 to over 95 million pounds. This amounted to some 80 percent of total Canadian apple imports, while the United States was also the main supplier of Canada's dried and canned apple purchases.

On the domestic market, fresh apple prices were high this year, and processors endured a tight supply situation as a result of the 1973 shortfall. In fact, the Ontario apple crop was sold out at the producer level by May.

Consequently, average farm prices received by Canadian apple growers rose sharply. Ontario apple growers, for instance, received an average of 8.52 cents per pound for their 1973 crop, compared with 4.47 cents for the previous year's.

Each year's apple crop goes into storage around November, and retail prices typically rise as supplies are reduced. Last season, however, the shortage of apples for the fresh market—and especially for processing—caused an abnormally large retail price increase. By May 1974, prices were more than 30 percent above those of a year earlier.

Despite the price rise, Canadian apple consumption continues its long-term uptrend. Currently, a gain of 7 percent to around 595 million pounds is seen for consumption of fresh apples in 1974-75.

Canadian production of pears this year has rebounded even more sharply —some 32 percent—than that of apples. Current estimates place the crop at 87.1 million pounds, compared with 66 million last year. However, this is still below the 90.9 million and 94.8 million pounds in 1972 and 1971, respectively.

Virtually all of the 1974 gain took place in Ontario, where output more than doubled the 1973 level to around 41 million pounds. The other major producer—British Columbia—had a crop of about 44 million pounds, slightly less than that of 1973.

This year's larger crop will allow Canada's pear exports to recover to around 2.5 million pounds in 1974-75 from the low 703,000 of 1973-74. This would about equal shipment in each of the 2 previous years.

Also as a result of increased production, imports of fresh pears can be expected to drop back to about 50 million pounds in 1974-75 from the 61.6 million of 1973-74.

Unlike apples, domestic consumption of fresh pears has been adversely affected by last season's shortfall and attendant high prices. Current estimates place consumption of fresh pears in 1974-75 at 97.1 million pounds for a slight decline from the 101.8 million of 1973-74. At the same time, more pears will probably go into processing than in 1973-74.

—Based on dispatch from
Office of U.S. Agricultural Attaché, Ottawa

Sweden Sets Farm Policies To Hold Down Inflation

By MARSHALL H. COHEN
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NEW SWEDISH agricultural policies—aimed at increasing farm production while holding the line on retail food prices—are being implemented as a result of a 3-year farm program now in effect. Under the new program, farm costs that were previously passed along to food consumers have been shifted to the Government, and are being financed under the largest "consumer" subsidy in Swedish history.

While the new farm policies will not affect agricultural imports directly, the Government's commitment to controlling inflation could spell an increase in future food and feed imports. Sweden, a small but growing market for U.S. agricultural products, imported $86 million worth in fiscal 1974, with the commodity list headed by fruits and vegetables, unmanufactured tobacco, grains and fats and oils.

Effected last July 1, the new Swedish farm program is likely to influence production and prices for years to come. Highlights include the following:

- An increase in subsidies paid directly by the Government to farmers, largely aimed at countering the inflationary effects of rising food costs.
- Encouragement of a higher level of agricultural production—in contrast to the previous farm policy. Production may be expanded even to the point of accumulating exportable surpluses of wheat, and to a lesser extent oilseeds, butter, and pork—as long as they are not too costly.
- Use of government grants and loans to support farming in marginal areas, in recognition of the role farms play in conservation and in preserving rural beauty.
- Adoption of new indexes to regulate farm prices and incomes. These indexes are used in setting farm prices and permit some degree of flexibility in price policy.

The decision to modify farm price policy, which has been widely discussed in Sweden, is largely a result of a high level of inflation during the past 2 years. In 1972, a 7.5 percent inflation rate caused a year-long freeze to be imposed on some retail food prices—mainly dairy products and meat. When the freeze was lifted in December 1973, soaring food prices resulted in a consumer protest movement.

Although the protest was peaceful and confined only to a suburb of Stockholm, Government reaction was immediate. An extended price freeze on a wider range of key commodities—milk, pork, beef, mutton, and horsemeat—has been in effect since January 1974. This freeze has prevented the rise in retail prices of key foods that would have been inevitable during 1974's inflation of over 10 percent.

With retail prices of key foods frozen, a shift in the manner of financing negotiated farm prices was undertaken. Acting under the Emergency Price Control Act, the Minister of Finance granted a consumer subsidy of about $500 million, much of which will be used to finance increases in farm prices of foods affected by the retail price freeze.

This action shifts the tax burden from the consumer to the taxpayer—not necessarily the same economic group in Sweden. In addition to direct taxation, some State revenues are from excise taxes on luxury items and consumer durables, thus affecting some consumers more than others.

This consumer subsidy—implemented by means of direct payments to farm producers—represents a "middle price" line on retail food prices. Traditionally, Sweden has followed a so-called "high price" line—supporting farm prices, and at levels higher than world prices, passing the price increase on to consumers through higher retail prices. Whether the subsidy will be sustained as permanent policy is under discussion in Sweden, and will depend largely on developments in both world and domestic commodity prices.

The apparent emphasis on increasing farm output in the current program reverses the historic keynote policy of 1967, which proposed that agricultural self-sufficiency be reduced to 80 percent (on a caloric basis). Underlying the decision to boost production via higher farm prices are: Rises in world market prices, expanded exports of certain farm products, and uncertain supplies of dairy products if milk production declines.

There are also important political reasons for the emphasis on increasing agricultural output. Although political party distinctions are leveling off in Sweden, the Center Party—riding high on the emerging "green wave" or "farmer as the guardian of the environ-

SWEDEN: AGRICULTURAL IMPORTS FROM THE UNITED STATES
[In millions of U.S. dollars]

Commodity	1968	1969	1970	1971	1972	1973[1]
Live animals	0.4	0.3	0.5	0.1	0.4	0.3
Meat and meat preparations	2.2	2.5	2.1	.8	.5	.5
Dairy products and eggs	.2	.2	.4	.3	.3	.3
Grains	6.7	4.7	4.8	5.0	5.8	7.3
Wheat and flour	.9	.6	.3	.2	.6	1.1
Rice	1.1	1.1	1.3	1.4	1.9	1.9
Feedgrains	3.2	2.0	2.2	2.5	2.3	4.3
Fruit and vegetables	21.9	22.7	28.9	28.6	26.4	27.1
Sugar, sugar preparations, and honey	.2	.2	.1	.1	.3	.1
Coffee, tea, cocoa, spices	.2	.2	.3	.2	.2	.3
Animal feed	2.4	2.5	2.6	1.8	1.6	2.5
Oilseed cake and meal	2.1	2.2	2.2	.9	.4	2.5
Misc. foods (i.e., lard, margarine)	2.5	2.3	2.8	1.5	2.1	2.0
Tobacco (raw)	14.2	11.4	16.3	11.9	17.6	17.6
Hides and skins	2.3	2.5	2.3	2.0	3.8	3.8
Oilseeds	.2	.2	.4	1.2	1.2	1.2
Natural fibers	7.5	6.0	3.6	3.8	2.1	4.0
Cotton (raw)	7.4	6.0	3.6	3.8	2.1	2.1
Crude animal and vegetable materials	.8	1.1	1.6	1.9	2.0	3.0
Agricultural fats and oils	.6	2.6	2.9	9.7	9.8	11.5
Total agricultural	62.3	59.4	69.6	68.9	74.1	81.5

[1] Preliminary. Source: Economic Research Service, USDA.

Outdoor markets, such as those in Stockholm, above and right, are popular with Swedish food shoppers. New policy measures provide incentives for increasing output on efficient dairy farms, below.

ment" movement—is now the second largest party in Sweden, with 90 seats in Parliament. The ruling Social Democrats, with strong links to both labor and consumer movements, hold 156 seats.

The new farm program will continue some policies of the 1967 program. Policy will continue to encourage economically viable and efficient enterprises, and grants and loans will be made for this purpose, thereby discouraging excessive fragmentation.

Farm price increases under the new agreement range from 5 to nearly 20 percent. The price support expenditure, at $164 million for 1974-75, is about 8 percent higher than previously, compensating the farmer for the effects of inflation between October 1973 to July 1974. Calculated via a special price index, which measures changes in input prices, total farm support expenditures (including income supplements) amount to $210 million. The price increases for commodities affected by the freeze will be financed from the $500-million allocation from the State treasury.

Firm economic motives underlie the renewed emphasis on increasing agricultural output. Many of these center around the milk sector. Owing to the importance of milk production in the Swedish agricultural economy (milk production accounted for about one-third of farm income in 1972-73), policies related to this sector are particularly critical. Under the 1967 policy, milk production dropped to 5.7 million pounds by 1970 from 6.5 million in 1967, due largely to the decline in output on holdings below 50 acres.

An important aspect of the current farm program is a provision for special supplementary payments to small dairy farmers—working efficient farms—holding 12 cows or less. The program should be an incentive for small farmers to raise output, since the supplements are based on monthly milk deliveries and payments are highest for small farmers.

Compensation of about 50 cents per 100 pounds is granted for deliveries of 1,100 to 11,000 pounds of milk per month. As deliveries increase, the supplement declines proportionally and is zero for farmers delivering over 24,000 pounds of milk per month. For example, the additional payment to farmers delivering 11,002 to 14,300 pounds per month is $57; for 19,802 to 20,900

pounds per month, it is about $23.

The Government's policy of favoring milk and meat production in the 1974 price support program is expected to result in a further moderate increase in total cow numbers and thus milk production. Beef production, which increased somewhat last year, is expected to turn up substantially in 1974, due to an increase in the number of calves and higher average slaughter weights.

Basically, Swedish policy goals are likely to continue to be directed towards farm price and income protection. Essentially, this means a continuation of the system of variable levies that normally apply to imports of grains and byproducts, and sugar. Fixed levies are applied to livestock products—meats, dairy products, poultry, and eggs. These levies are designed to regulate domestic prices and farm incomes, and for many commodities, to protect the Swedish market from competitive imports.

The process for determining farm prices and import levies will not be significantly altered. This procedure entails discussions between farmers' associations, the Government, and a consumer delegation. Farm price proposals are then submitted for Parliamentary approval. The farm price affords the farmer compensation for inflation, and attempts to increase farm incomes to a level comparable to those in other sectors.

The following items are considered:

- Farmer expenditure for purchased production goods.
- Transportation and processing costs of farm commodities.
- Compensation for the farmer's own labor and his capital outlay.
- Export costs.

Once farm prices are decided, the levies are determined.

Continuation of Sweden's present farm policies is not likely to affect directly the country's imports of U.S. farm products, at least in the short run.

The United States has retained a relatively constant 8-10 percent share of the Swedish agricultural commodity market in recent years. The total value of Sweden's agricultural imports from the United States increased from $69 million in 1971-72 to $81.5 million in 1973, when Sweden's total agricultural imports reached $829 million.

Farm imports from the United States have traditionally been dominated by fruits and vegetables ($27 million in 1973), and tobacco ($17.6 million), although Sweden is a small market for grains (corn and rice) and fibers. Despite seasonal import restrictions, and some low duties on commodities such as fruits and vegetables, the market appears favorable for such products as apples, pears, prunes, grapefruit, grapes, peaches, raisins, lemons, lettuce, carrots, citrus juice, dried peas, canned peaches, and certain types of processed potatoes. Duty concessions were made in 1973 on several of these products—carrots, grapes, cauliflower, and peaches.

U.S. market opportunities are not as bright for commodities protected by variable levies such as most grains and byproducts, or for those covered by fixed levies, such as meats, dairy products, poultry, and eggs. Many processed U.S. food products, often price competitive, also face difficulties, owing to competition from Sweden's highly developed processing industries.

Also, policy directives in recent years have favored increased protection to encourage the growth of small industries. For example, in July 1974, the levy on turkey roll—a product successfully promoted by U.S. industry—was increased 32 percent to about 80 cents per pound. Export of 111 tons of U.S. turkey roll in 1973 were worth $307,000. Also, in recent years, a duty was imposed on soy protein for use in food products, although it was reduced to 9 cents a pound from 22 cents on July 1, 1973. On July 1, 1975, a 5 percent duty will be applied to soybean oil to protect a new domestic crushing plant.

Sanitary and veterinary regulations are restricting the market for U.S. exports of certain meats and poultry. For example, beef produced with the aid of growth-producing hormones is prohibited. Fresh U.S. poultry is excluded because of Newcastle disease.

Renewed policy emphasis on expanding farm size, encouraging production, and experimenting with new seed varieties suited for a Northern climate may eventually reduce import dependencies.

On the positive side, Sweden's importance as a U.S. market could grow, if policies permit lower priced food imports as one aspect of an anti-inflationary policy.

Recommendations by a Long-Range Policy Committee, whose report is to be submitted to Parliament in 1976, could include new provisions allowing for flexibilities in imports, particularly cost-reducing inputs to agriculture such as oilseeds and fertilizers.

Other positive factors which may favorably affect Sweden's agricultural trade with the United States include:

- Politically, relations between the

Continued on page 20

SWEDEN: PRICE INCREASES AND EXPENDITURES UNDER NEW FARM PROGRAM, 1974-75

Commodity	Estimated output	Regulated price increase	New producer prices	Price change from 1973-74	Total support expenditure
	1,000 tons	*U.S. dol. per ton*	*U.S. dol. per ton*	*Percent*	*Mil. U.S. dol.*
Wheat	2,000	220	143.0	+18	19.87
Rye	547	154	136.4	+13	3.80
Barley	420	154	129.8	+13	2.91
Oats	455	187	125.4	+18	3.83
Potatoes	1,470	88	102.3	+ 9	5.83
Starch	145	506	310.2	+19	3.31
Oilseed crops	618	330	253.0	+15	9.18
Milk	2,948	334	2,128.0	+ 8	45.46
Cream	117	940	—	—	5.20
Butter	97	838	—	—	3.83
Cheese	150	627	—	—	4.44
Milk powder	52	1,567	—	—	3.84
Total dairy	—	—	—	—	62.77
Beef	304	2,200	2,318.8	+10	30.07
Pork	587	704	1,502.6	+ 5	18.61
Poultry	75	1,100	1,584.0	+ 8	3.70
Total meat and poultry	—	—	—	—	52.38
Total	—	—	—	—	163.88

Source: Kingl, Maj: Government Proposal to the Parliament Concerning Certain Agricultural Price Policies, 1974, and unpublished materials provided by the Federation of Swedish Farmers, Stockholm.

Syria's Euphrates Dam Promises Rapid Agricultural Development

By SHACKFORD PITCHER
U.S. Agricultural Attaché
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SYRIA'S LONG-STANDING goal of harnessing the powerful Euphrates River is coming into fruition now that construction of the huge Tabaqah Dam has been completed.

However, as with all such irrigation projects, the final objective—to increase irrigated land by a third—is still several years off, awaiting completion of accompanying irrigation systems, settlement of displaced villagers, and development of new farmlands. And for the next several years crops like cotton will lose more fertile land to flooding than they will gain from new irrigated lands being brought into production.

It took 7 years to build the Tabaqah Dam, which is said to be the world's largest earth-filled dam. Stretching 2.7 miles across the North Euphrates River Valley near the town of Ar Raqqah, the Tabaqah Dam was completed in 1973 and its reservoir, Lake Assad, has begun filling up following the bountiful rains of last winter.

Eventually, the lake will have a surface area of 243 square miles and irrigate some 1.6 million acres of land. However, this will not be totally achieved until completion of the accompanying irrigation system, which will take at least 20 years.

The area to be irrigated by the project is distributed among six regions.

The first region to be surveyed was the Balikh Basin. Here, plans have been completed for construction of irrigation systems providing water for nearly half a million additional acres of farmland.

The five other regions include the Euphrates Valley, where around 407,000 acres will be irrigated; the Lower Khabur Basin, with 173,000 acres to be irrigated; the Rassafa Basin, with 62,000; the Mayadin Plain with 99,000; and the Maskanah Basin-Aleppo region, with 383,000.

Of the 1.6 million acres eventually to be irrigated, around 270,000 will receive water by gravity from Lake Assad. The remaining area to be irrigated will be served by pumping.

In the Balikh Basin, there is already underway a 50,000-acre pilot project, located on the left bank of the Euphrates near the town of Ar Raqqah. Designs for the project's irrigation and drainage systems have been completed and most of their construction finished. Also, a temporary station for pumping water from the Euphrates has been built at Kudairan. An earth-banked canal connects the Kudairan pumping station to project lands at Wadi al Fayd, Salhabriat,and Hamrat.

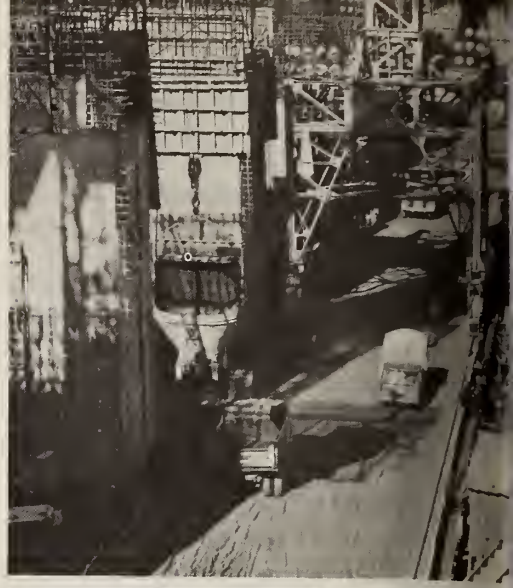
Results from field demonstration plots on land here indicate that crop yields can be increased substantially. The demonstration fields yielded 1.92 metric tons per acre of wheat, and yields of cotton rose nearly 40 percent to over 2,200 pounds per acre of seed cotton. (Syria's cotton yields are among the highest in the world.) Sugarbeet yields have nearly doubled, and similar gains have been obtained for onions, broad beans, peas, and tomatoes.

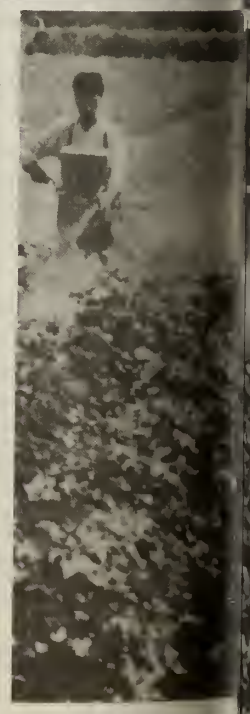
These results show what can be expected from the irrigation project under typical conditions with proper fertilizer usage, timely application of pesticides, and use of good seed.

Financing has been arranged for further work in the Balikh Basin. The Syrian Government's 1974 budget, for instance, provides funds for starting reclamation work on 52,000 acres, and the World Bank and its affiliate the International Development Association in March 1974 approved $73 million in financing for irrigation development on 25,000 acres.

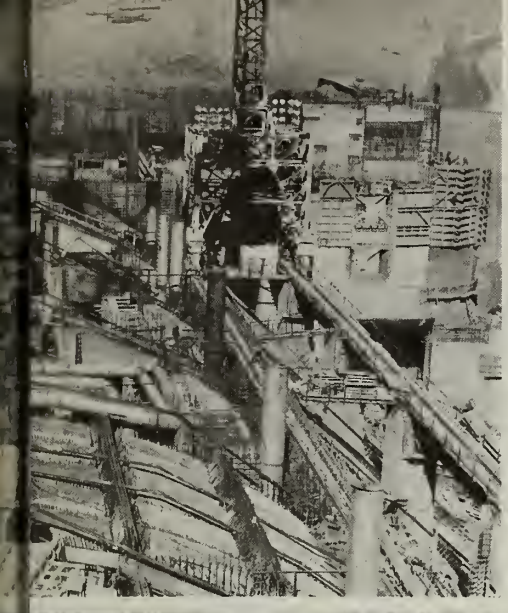
When completely formed, Lake Assad will inundate some 15 important and 44 lesser villages. To accommodate the displaced villagers, the Syrian Government is building 65 new villages, the first of which began receiving settlers in the fall of 1973.

The Government is paying in installments a resettlement bonus and compensation for property lost in the





Clockwise from above: A cottonseed testing laboratory, Aleppo; the Tabaqah Dam during construction; cotton ginning in Syria; and dusting cotton. Cotton will be one of the main crops to benefit from the Dam, although gains have yet to be felt.



flooded area. A part of this is applied to the cost of property supplied by the Government in the new villages. Cooperatives and agricultural extension services are planned for the new villages, in addition to schools, health centers, mosques, and running water.

Each basic family unit is being provided with a house, sheep, or cows, as well as a little over 8 acres of land. However, farming will be carried out largely under a cooperative scheme, with a crop rotation initially of cotton and fodder or wheat.

This continues past cropping patterns in the Euphrates region, where some 60 percent of Syria's cotton has been planted, reflecting the crop's almost total dependence on irrigation (97 percent was irrigated in 1973-74). In fact, this crop has traditionally occupied 40 percent of all irrigated land in Syria and accounted for about as much of the country's total foreign exchange earnings. In 1974, however, cotton is losing this top trade position to crude oil exports, which have been affected not only by soaring world prices but also by the need to export most of the domestic output owing to October 1973 war damage to the major oil refinery.

At the same time, cotton is temporarily in the doldrums as a result of a 5 percent decline in production owing to dry weather in 1973, followed in 1974 by a loss of about 37,000 acres of irrigated cotton land. Lake Assad inundated some 60,000 acres of irrigated land in one of Syria's best cotton areas. This year cotton has also lost some irrigated land in other areas to food crops.

The flooded cotton area has been replaced by new nonirrigated lower yielding plantings elsewhere, plus the estimated 34,000 acres brought under cultivation this year in the pilot project.

Because of the increase in nonirrigated acreage, total 1974-75 cotton area is about 5 percent higher than the 495,000 acres planted in 1973-74 but nearly 90,000 acres below the 1970-72 average. But lower yields resulting from fertilizer shortages and less irrigated area will reduce 1974-75 cotton production an estimated 6 percent below last season's 715,000 bales and 7 percent below the 1970-72 average.

Nonetheless, much of the future acreage expansion will be devoted to cotton cultivation.

Wheat—the other major crop expected to be grown in the Euphrates irrigation projects—has been cultivated in this region for thousands of years, but on a more limited scale and mainly on nonirrigated lands. As a result, yields have fluctuated widely in line with rainfall variations. In 1974, an estimated 9 percent of this crop was irrigated.

But as in other countries, Syria is depending more and more on improved varieties of wheat, such as the Mexipak. which require good water supply if their potential for high yields is to be realized. In 1973, for instance, plantings of such varieties were large, but drought devastated the crop, leaving many fields unharvested or usable only as pasture. Unofficial estimates indicate that by 1974 such varieties accounted for 550,000 acres of the total 3.7 million wheat acreage in Syria.

A crop rotation involving cotton, wheat, and alfalfa appears very promising for the new lands being opened by the Euphrates, according to field trials being conducted on the pilot project.

Many foreign governments, international agencies, and private companies are lending a hand with the Euphrates Project. The major input has been technical, financial, and material assistance from the Soviet Union for the construction of the Tabaqah Dam. In addition, Japan's Import-Export Bank approved a $30-million loan for land improvements.

Other countries providing financial and technical assistance include Romania, Italy, and Yugoslavia.

THE UNITED NATIONS also is playing an important part—especially in helping establish the new villages. Much of the United Nations Children's Fund (UNICEF) budget for Syria is allocated to equip the new village schools, and UNICEF also will promote proper nutrition through a school feeding and garden program. At the same time, UNICEF and the World Health Organization are equipping the village health centers, as well as the hospitals and laboratories serving the area.

The World Food Program has been active in the Euphrates Project since 1969. It has provided food items such as wheat, flour, vegetable oil, and dry milk to village families needing resources to tide them over during the first years of resettlement. In addition, about one-third of the United Nations Development Program assistance to Syria is directed to various Euphrates projects.

U.K. Textile Year

Continued from page 5

a 12 percent drop from the 252.9 million yards produced in the same period in 1973. It is a general pattern apparent in most years that U.K. output of mixed fibers in the weaving sector declines at a slower rate than that of 100 percent cotton cloth.

U.K. imports of unbleached, gray cotton fabric during the first 5 months of calendar 1974 totaled 226.4 million square yards, an 8 percent increase over the comparable 1973 total. Data for imports of unbleached cloth by country of origin are available only for the first 4 months of 1974, and totaled 199.5 million square yards. With the exception of the Republic of China (Taiwan)—an unbleached cloth supplier of growing importance—most of the unbleached cloth bought by the United Kingdom came from Commonwealth countries—notably Pakistan and India.

The United Kingdom's most important suppliers of unbleached, gray cotton cloth in 1974, with data for 1973 in parentheses, in millions of square yards, were: The European Community, 9.87 (8.40); Portugal, 7.70 (8.66); Pakistan, 41.00 (34.13); India, 72.77 (77.65); the Republic of China, 25.83 (11.57); and Hong Kong, 23.80 (28.74).

Finished cloth imports are now reported in metric tons and totaled 10,326 tons for the January-April 1974 period. For the same period in 1973 they totaled 61.92 million square yards.

U.K. imports of finished cloth (bleached, dyed, printed, or otherwise processed), came from the following sources, with shipments in thousands of metric tons: The European Community, 2.9; Portugal, 0.5; Pakistan, 0.5; India, 1.4; Hong Kong, 0.9; Canada, 0.2, and the United States, 1.7.

IMPORTS OF LARGER supplies of cotton cloth were responsible for a drop in the textile labor force, which in May 1974 totaled some 576,100 persons, a cut of 19,200 from the previous year's level. The difference between the two figures was about the same as that during the years prior to the 1972-73 season. However, there is some evidence that part of this displacement was due to replacement of labor by machinery, continuing a capital investment uptrend in the industry.

The upward production trend of manmade fibers (rayon and nylon) that has been apparent for many years appears to have peaked—at least momentarily. Monthly production of these fibers for the first 5 months of calendar 1974 averaged 58,700 tons, compared with a monthly average of 60,900 for all of 1973. There is doubt whether production of manmade fibers for all of 1974 will reach the 1973 total.

A tendency toward concentration of manufacturing facilities in the hands of the country's large firms continues to polarize the industry. On the minus side, such a move will strengthen the hand of a few vertically structured firms that have an especial interest in expanding the use of manmade blends, which they produce at the expense of cotton fibers. The plus effect is that this concentration of facilities has caused heavier investments and more pronounced cotton product specialization.

Given the current squeeze on incomes, when a little money must go a greater distance, the belief is growing that cotton textiles are a better buy than synthetics. Also because the emphasis is currently on "natural" products, synthetic clothing is losing some of its fashion appeal, while that of cotton is gaining.

The energy shortage is also having a dampening effect on the manufacture of manmade fibers. With the upward push the U.K. petroleum shortage is giving to the prices of petrochemicals, staple polyesters are reportedly about 20 percent higher in cost than similar cotton productions. This, coupled with uncertainty over the continuing availability of raw materials, should help cotton regain more of its lost market.

African Tobacco Potential

Continued from page 8

ernmental Tobacco Board. They average 20 acres of tobacco each.

Zambia's tobacco farmers have also received assistance from two loans from the International Bank for Reconstruction and Development (World Bank). The first such loan was $5.5 million made in 1970 for development of flue-cured production by commercial tobacco growers.

The second—for $11.5 million—was made in 1973 to assist 900 existing and 5,400 new producers to grow 12,000 acres of flue-cured tobacco and 16,000 acres of hybrid corn over a 5-year period. The first loan has now been disbursed; funds from the second have yet to be distributed.

Zambian tobacco is marketed at Lusaka, which has what traders consider to be one of the world's best auction floors and packing plants but, with a 1973-74 crop of just 15 million pounds of flue-cured leaf—about half of which goes to Malawi for processing—and about 1 million pounds of burley, they are used at nowhere near capacity. The plant can handle about 80 million pounds of leaf annually but is at present processing only about 7 million pounds.

The Government provides a maximum price for flue-cured tobacco, but not for burley. All leaf, whether for domestic manufacture or for auction, is purchased on the auction floor. Domestic utilization amounts to about 3.2 million pounds, or about 20 percent of the total. The balance is exported.

Zambia's total tobacco production has been relatively stable in recent years, averaging 19.1 million pounds in the 5-year period between 1960 and 1964. It dropped to 11.1 million pounds in 1971, but recovered to 16 million pounds in 1974. Exports have also fallen—from an average of 17.6 million pounds in 1960-64—to some 9.3 million in 1973.

Zambian tobacco prices are generally quoted c.i.f. Limbe, so that Zambia's producer prices may easily be compared with Malawi's. Zambia's 1973-74 flue-cured crop is expected to average about 73 U.S. cents per pound, c.i.f. Limbe, compared with the Malawian price of 81 cents, and 52 cents in Rhodesia. The average burley price is expected to be 60 cents—about the same as Malawi's burley price, and 10 cents above Rhodesia's burley.

Zambia, as a member of the Commonwealth, also formerly received preferential treatment on its leaf shipments to the United Kingdom. This preference is now being phased out as the United Kingdom meshes into the European Community CXT. Unlike Rhodesia, however, Zambia may gain preferential treatment for tobacco exports to all nine EC members.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 17	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.29	+ 2	6.28
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.15	− 4	6.23
15 percent	6.33	+ 2	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.91	− 5	6.30
No. 3 Hard Amber Durum	8.03	+ 6	9.10
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	4.05	− 9	3.45
Argentine Plate corn	4.34	− 9	3.66
U.S. No. 2 sorghum	4.11	− 6	3.35
Argentine-Granifero sorghum	4.21	−11	3.33
U.S. No. 3 Feed barley	3.12	+ 8	2.84
Soybeans:			
U.S. No. 2 Yellow	7.96	−13	6.70
EC import levies:			
Wheat	0	0	0
Corn	0	0	0
Sorghum	0	0	0

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

Canada Promotes Feedgrains in Japan

The Canadian Wheat Board is intensifying its market development program in Japan for Canadian barley and feed wheat. The Board, in cooperation with the Japanese Ministry of Agriculture and Forestry, held a 4-day feed symposium November 27-30, 1974, at Hakone, Japan. Among the 250 Japanese attending were officials of the Ministry of Agriculture and Forestry, representatives of the mixed feed industry, animal and poultry nutritionists, and feedgrain importers.

EC To Suspend Duty on White Beans

The European Community reportedly will agree to a U.K. request for a 6-month suspension, effective January 1, of the 4.5 percent duty on dried white beans. This decision will eliminate the preferential duty margin currently held by Canada, the major U.S. competitor in the U.K. white bean market.

The United Kingdom is by far the principal export market for U.S. white beans, which are used primarily in the U.K. canning industry. In 1973 the value of U.S. exports to the United Kingdom of navy and pea beans totaled $20.6 million. Exports have been down in 1974, but this fall's record U.S. bean crop should benefit considerably from the EC decision.

Cuba-Argentina Sign Corn Agreement

On October 22, 1974, Cuba and Argentina signed an agreement for the shipment of 240,000 tons of Argentine corn, to be delivered to Cuba between December 1974 and December 1975. The first 25,000 tons will be priced at $172.50 per ton.

Cuba is a substantial grain importer, and in 1973 imported 1.2 million tons of grain. Data for grain shipments to Cuba are available for only part of calendar 1974. Canadian wheat and flour (wheat equivalent) exports to Cuba in the first months of 1974 reached about 457,000 tons. Argentina shipped 164,000 tons of corn to Cuba during January-August 1974.

Canadian Grain Inspectors' Strike Ends

Settlement has been reached in the strike of Canadian grain inspectors that halted grain shipments out of Vancouver, Winnipeg, and Thunder Bay on November 23.

Settlement of the strike will have little effect on loadings in the Great Lakes. Final day for loading of ocean-going vessels was December 7 and for lake vessels, December 14. As a result of the strike, diversion of vessels from Thunder Bay to Duluth/Superior caused extra heavy loadings at the latter port over the past 2 weeks.

COTTON

Pakistan Assists Cotton Textile Industry

On October 30 Pakistan reduced the domestic excise tax on cotton yarn and cotton procurement prices to provide some relief to Pakistan's cotton textile industry, hard hit by the worldwide textile slump and lagging domestic demand.

These new measures follow the abolition on August 18 of export duties on cotton yarns, which were removed to encourage badly lagging yarn exports by reducing export prices more nearly to slumping world levels. The industry has built up extremely large and costly unsold yarn stocks because yarn export prices were held at uncompetitively high levels after the worldwide textile slump began early in 1974. Cotton yarn exports recently have increased, reportedly reaching 23 million pounds in October.

The domestic excise tax on cotton yarn has been reduced by Rs6 (61 U.S. cents) per 10 pound bundle. The reduction effectively eliminates the tax on coarse-count yarn and re-

duces the tax on medium grades by 50 percent. Although the reduction will decrease revenue to the Government, it should stimulate the domestic power loom industry by lowering the cost of yarn. The export market for yarn will not be affected directly by the domestic tax reduction since the excise tax previously was rebated on all cotton yarn sold for export.

The official floor procurement price paid by mills to ginners for lint cotton was reduced from Rs237 per maund (29 U.S. cents per lb) to Rs200 per maund (25 U.S. cents per lb) basis good quality AC-134 saw-ginned (staple length 1"-1/16"). Prices for seed cotton paid by the ginners to farmers will in turn be reduced from Rs90 per maund (11 U.S. cents per lb) to about Rs80 (10 U.S. cents per lb). Under the new policy, the Cotton Export Corporation will purchase all lint cotton offered at the new procurement price instead of only 25 percent of lint as in the past. The lower procurment price for cotton will permit textile mills to reduce the cost of producing yarn from Rs35 (US$3.53) per 10 pound bundle to Rs30 (US$3.03). In addition to aiding the domestic industry, the lower cotton procurement price and lower yarn production costs will improve to some degree the competitive position of both cotton yarn and raw cotton in export markets.

LIVESTOCK AND PRODUCTS

U.S. Meat Imports Down

U.S. imports of livestock, meat, and meat products for October were valued at $113 million—down 52 percent from those of a year earlier. This marks the seventh consecutive month that imports have been lower than those for the 1973 corresponding period.

U.S. imports of most of the meat categories declined with the most notable being imports of beef, veal, pork, live cattle, sheep, and hogs. An exception was the uptrend in imports of apparel wool and animal casings.

Total imports during January-October 1974 were valued at $1,584 million—down 12 percent from the level a year earlier. Most categories continue to show weakness in volume and to a lesser extent in unit price. Exceptions to this trend, in terms of volume, are live hogs from Canada and miscellaneous animal byproducts.

Because of the quota restrictions placed on certain Canadian imports, a decrease in the live hog trade can be expected for the balance of calendar 1974.

U.S. Meat Exports Continue at High Levels

U.S. exports of livestock, meat, and meat products for October were valued at $135 million—down 15 percent from those of a year earlier, but maintaining a relatively high level of activity. Value increases during October were highest for exports of pork, lard, tallow, greases, and fur skins. Principal recipients of lard were Canada, Mexico, and the United Kingdom. For tallow and greases, major importing countries were India, Egypt, Japan, Korea, Brazil, and the Netherlands. Canada continues to be the almost exclusive importer of U.S.-produced fur skins.

On the other hand, October exports of beef, veal, some categories of animal hides, live cattle, and hogs were sluggish in terms of trade volume.

For the balance of calendar 1974 export trade volume is expected to remain at or slightly below corresponding 1973 export levels.

U.S. exports of livestock, meat, and meat products for the first 10 months of calendar 1974 amounted to $1,333 million —up 15 percent for the year. Much of this increase resulted from a rise in the total export value of lard, tallow, greases, fur skins, live sheep, lamb, hogs, and miscellaneous animal byproducts.

Exports for the year of beef, veal, pork, several types of hides and skins, and live cattle continue to weaken.

Despite increased sales, values have declined for variety meat (down 3 percent) and hides and skins (down 10 percent), thus reflecting a significant drop in the unit value of these items.

OILSEEDS AND PRODUCTS

World Olive Oil Production Declines

World olive oil production for the 1974-75 season now is estimated at approximately 1,430,000 metric tons, down 120,000 metric tons from the 1973-74 level.

Estimates of olive oil output for major producing countries during 1974-75 with 1973-74 data in parentheses (in metric tons) are: Spain, 325,000 (465,000); Italy, 470,000 (540,000); Tunisia, 130,000 (80,000); Greece, 192,000 (225,000); and Turkey, 140,000 (55,000). Most changes in output can be attributed to the biennial production cycle of olive trees, except for Spain, where poor weather reduced olive production far below normal expectations.

Major Markets Import More Soybeans and Meal

Based on the most recent import data covering varying periods in 1974 for the nine major markets, imports of soybeans and meal, meal basis, are running 3.9 percent above the levels for same periods in 1973.

IMPORTS OF SOYBEANS AND MEAL TO MAJOR MARKETS, 1973 AND 1974
[In 1,000 metric tons]

Country	Period	Imports of soybeans and meal (meal basis) 1973	1974
West Germany	Jan.Sept.	1,873	1,799
United Kingdom	Jan.Sept.	581	702
Denmark	Jan.Sept.	451	483
Italy	Jan.-Apr.	399	520
France	Jan.-Aug.	1,049	1,315
Spain	Jan.Sept.	944	1,093
Netherlands	Jan.-June	647	796
Sweden	Jan.-Aug.	134	152
Japan	Jan.Sept.	2,469	2,026
Total		8,547	8,886

Although imports of soybeans and meal increased by 339,000 tons, imports of all oilseeds and meals (soybean meal basis) by the same 9 countries for the same period declined by more than 1 million tons, or 8 percent, compared to the 1973 period.

U.S. exports of soybeans and meal during January-September 1974 totaled nearly 12 million metric tons, meal basis—22 percent above the 9.9 million ton volume exported in the same 9 months of 1973.

If, as estimated, Brazil's exports of soybeans and meal increased by about 400,000 tons, meal basis, from the indicated 2.1 million tons exported during January-September 1973, then export availabilities to major foreign destinations during January-September 1974 increased by about 2.5 million metric tons, meal basis. However, the major markets, which accounted for 71 percent of the combined U.S. and Brazilian exports during the 1973 period, accounted for only 61 percent of the indicated export volume in 1974. This seems logical in view of the significant increase in soybean meal consumption that has been taking place in some smaller markets, including the East European countries.

Final Estimates in For Canadian Oilseeds

November estimates of Canada's 1974 oilseed crops, based on conditions on or about October 23, indicated a slight increase in rapeseed production compared with previous estimates, but further declines for flaxseed and soybeans. Sunflowerseed production, estimated for the first time this year, is expected to decline 71 percent from 1973's output.

Rapeseed production, estimated at 52.9 million bushels, was slightly above the 52.25 million forecast in October, but 1 percent below 1973's outturn of 53.2 million bushels.

Flaxseed production, at 14.3 million bushels, compared with 16.3 million indicated in October, was the hardest hit by early frosts. Accordingly, the 1974 crop is expected to decline 26 percent, or 5.1 million bushels, from last year's crop of 19.4 million.

The 1974 soybean crop was estimated at 11.04 million bushels, compared with 12.37 million in October and 14.57 million in 1973. Acreage was revised to 445,000 acres from 450,000 in October, indicating a decline of 5 percent or 25,000 acres from the 470,000 acres in 1973. Average yield fell to 24.8 bushels per acre from 31 bushels last year.

Sunflowerseed production, forecast at 26 million pounds, declined 71 percent from the 90.9 million pounds of 1973. Only 30,000 acres were planted to sunflower this year, compared with 129,000 acres a year ago. Yields per acre are expected to average 876 pounds, compared with an average 705 pounds in 1973.

FRUIT, NUTS, AND VEGETABLES

Spanish Olive Crop Halved

Estimated at 70,000 metric tons, the 1974 Spanish table olive harvest is 50 percent less than the 1973 crop of 140,000 tons. This drastic decrease is the result of adverse weather conditions coupled with a cyclical off year.

Quality is reported to be average to above-average, with minimal insect damage. Only 38,000 tons of 1974 production are exportable varieties, compared with 111,000 tons last year.

The 70,000-ton Spanish crop, with 1973 data in parentheses (in metric tons) comprises: Manzanillas and similar varieties, 13,000 (46,000); Queens, 5,000 (30,000); other exportable varieties, 20,000 (35,000); nonexport varieties, 32,000 (29,000).

Spanish olives exported during the 1973-74 year totaled 79,861 metric tons, compared with 81,507 in the 1972-73 season. Manzanillas accounted for 31 percent and Queens for 27 percent of these exports, while unspecified varieties represented 42 percent of total foreign sales. The United States, Italy, France, Canada, Brazil, and West Germany were the principal buyers of Spanish olives during 1973-74. Exports to the United States amounted to 36,619 tons, down about 15 percent from the 1972-73 level.

Stocks are estimated at an abnormally high level of 23,500 tons, 236 percent above the level held at the beginning of 1973-74. Domestic consumption is expected to decrease this year, principally reflecting reduced production and higher prices. Consumption is placed at 43,500 tons in 1973-74 and is projected at 41,000 tons for 1974-75.

Because of expected short supplies, higher costs, and world economic problems, the Spanish table olive industry believes it has entered one of its most uncertain marketing seasons.

Sweden Imports Apples Earlier

On December 20 Sweden opened its frontier to apple imports, slightly earlier than last year's December 27 opening.

Sweden is one of the few markets for U.S. apples since the invasion of the Continental market by French apples. Recent European Community action to subsidize exports to Sweden, however, is likely to negate U.S. opportunities.

EC Proposes Quotas For Spanish Raisins and Figs

The European Community has proposed establishing preferential tariff quotas for 1,700 metric tons of Spanish raisins and 200 metric tons of Spanish dried figs during calendar 1975. The quotas are apportioned among the six original members of the EC. The preferential rates are duty free for raisins and 3 percent ad valorem for dried figs, each commodity in containers not exceeding 15 kilograms (33 lb). Normal duties are 6 percent for raisins and 10 percent for figs. The quotas are based on the EC-Spain Trade Agreement of June 29, 1970.

Bangladesh Jute Exports Decline

According to recently reported official data, exports of raw jute by Bangladesh in July-June 1973-74 totaled 482,760 metric tons, valued at $125 million, compared with 508,680 tons, valued at $137 million, in 1972-73. The decline of 5 percent in the export volume in 1973-74 resulted partly from increased mill consumption for production of jute goods for domestic use and for export.

Principal destinations for raw jute exports in 1973-74, with 1972-73 data in parentheses (in metric tons) were: United Kingdom, 43,380 (69,660); Belgium, 35,460 (44,280); France, 27,720 (20,880); West Germany, 16,200 (25,560); Egypt, 21,780 (16,200); Yugoslavia, 22,320 (10,080); Soviet Union, 16,740 (22,680); Japan, 21,420 (16,920); India, 23,040 (54,360); Mozambique, 33,840 (14,760); Poland, 18,360 (19,260); and Brazil, 26,640 (13,500). Raw jute exports to the United States were 11,700 tons, compared with 15,840 tons in 1972-73 and 7,380 tons in 1971-72.

Largest single export market for Bangladesh jute goods, the United States, took 108,729 tons of total 1973-74 exports of 438,064 tons. Foreign exchange earnings from jute goods in 1973-74 were reported at $160 million.

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Fertilizer To Remain Tight, Prices High, in 1975 and 1976

Continued from page 4

very low-cost gas; large and growing financial resources; the likelihood of other suitable feedstocks from expected future refineries; and an excellent shipping location, particularly to Asia and perhaps to Europe with opening of the Suez Canal.

Some sources indicate the Persian Gulf countries are considering capacity additions totaling 5 to 6 million tons. Even with their advantages, however, they are wary of new fertilizer investments, remembering past losses. The Kuwait industry, for example, suffered losses until 1973.

Relatively little new **phosphate** capacity has been announced recently compared to nitrogen. Based on earlier announcements, future capacity for manufacturing phosphate fertilizers seems roughly adequate, provided that sufficient phosphate rock supplies are available. Current high prices are motivating investments in phosphate mines in new areas, such as Rajasthan, India.

Estimates of phosphate supply and consumption for 1980 indicate a small surplus. Expected supply and consumption are 32.5 million and 31.2 million tons respectively. New capacity, announced in recent months, may improve the 1980 supply situation somewhat.

The peak of the surplus in 1977, however, will be only slightly higher than that expected for 1975. Both the relatively small 1980 surplus and the production cycle indicate a need for additional investment in the late 1970's. Although less extreme, the situation is similar to that for nitrogen, except the peak occurs perhaps a year earlier.

Little new **potash** capacity has been formally announced. Canadian producers reportedly plan to raise capacity about 30 percent by 1980. The current high potash prices have reportedly stirred some investments in Israel and elsewhere.

The surplus estimated for 1980 is smaller than for 1975 and 1976. Some expansion of potash capacity or increased capacity utilization will probably be needed in the late 1970's.

Both physical and financial resources in Canada, the world's primary potash exporter, appear sufficient to support expansion. Much will depend on policy decisions by the Saskatchewan Government. Between 1971 and early 1974, minimum prices for potash were set by the Saskatchewan Government. But the principal bottleneck will probably be the speed of renovation of existing capacity, much of which has been idle for several years.

Fertilizer trade will be affected by these production-consumption projections, especially for nitrogen. Japan will lose its place as the largest net nitrogen exporter, probably to the USSR or the Netherlands. The United States may be a major net exporter, unless domestic nitrogen demand is higher than expected. Canada's nitrogen surplus would be about double, if current plans materialize. The United States should strengthen its position as the largest phosphate manufacturer and Canada should continue to dominate the potash market.

Developing countries expect to increase production by nearly 180 percent by 1980, compared with 57 percent in developed countries. According to projections, they will be about self-sufficient in nitrogen, although imports of phosphate and potash will rise.

With 13 large ammonia-urea plants recently contracted, China should be roughly self-sufficient in nitrogen by 1980. India should take China's place as the world's largest nitrogen importer, although India plans to increase nitrogen production by 150 percent by 1980. Indonesia and Mexico, as well as Venezuela, could become important nitrogen exporters.

Among the developing nations, Middle East countries probably will remain the largest nitrogen exporters. Since local demand is relatively limited in these countries, they could in fact become the world's largest nitrogen exporters, provided they can overcome production problems.

Sweden Sets New Policy

Continued from page 13

United States and Sweden, which were strained by divergencies in foreign policy, were strengthened in 1974 when an exchange of Ambassadors was renewed.

- International investment between Sweden and the United States has increased.
- The United States is likely to continue to be a reliable source of relatively low-priced feedgrains and soybeans, as well as other food and fiber products.
- Sociological shifts, which are likely to affect food habits and increase consumption of processed convenience foods, include urbanization, away-from-home vacations, and a continued uptrend in the proportion of women working outside the home.

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